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## **Governor's Solar Advisory Task Force**

### **Minutes**

Date/Time: Thursday, May 30, 2013, 2:00 p.m. - 4:00 p.m.

Location: 1700 W. Washington, Phoenix, AZ 85007  
State Capitol Executive Tower, Governor's 2<sup>nd</sup> Floor Conference Room

Co-Chairs: Leisa Brug, Director, Governor's Office of Energy Policy;  
Glenn Hamer, President/CEO, Arizona Chamber of Commerce & Industry

Members Present: Greg Bernosky; "Jack" John Blair; Matthew Brinkman; Franc Del Fosse; Charles B. Duckworth; Lane Garrett; Patrick James Graham; Herb Hayden; Lon Huber; David Hutchens; Kate Maracas; Michael Neary; Michael Patterson; Court Rich; Craig Robb

Members Absent: Maria Baier; David Martin; David Rosenberg; George Seitts; Rob Wanless; Laurie Woodall

Guests: Allison Bell, APS; Bill Boyd, ASHD; and Ed Burgess, IREC; Daniel Burillo; Kirk Busch, AZ4Solar.org; Ian Calkins, Copper State; Lane Caugen, BLM; Chris Davey, EVM; Trisha Eckenberg, GOEP; Jamie Kern; Susan Kolbe, Poly Flow West; Rob Kuhfuss, Maricopa County P & D Dept.; Maren Mahoney, ASU; Joe McGuirk, Sun Miner LLC; John Mitchell, ASU; Ron Monat, CBRE; Steven Moorel, Lewis & Roca; Steve Olea, ACC; Amanda Ormond, Interwest Energy Alliance; Jim Westberg, GOEP

#### **1. Call to Order**

The meeting was called to order at 2:07pm.

#### **2. Approval of Minutes**

The minutes from the February 28, 2013 meeting were approved unanimously without any changes.

#### **3. ASU QESST presentation – John Mitchell, Industrial Liaison Officer**

QESST is an Engineering Research Center sponsored by the National Science Foundation (NSF) and the U.S. Department of Energy (DOE) that focuses on advancing photovoltaic science, technology and education

John Mitchell: One and a half years ago ASU won a grant from the NSF and the DOE. QESST stands for Quantum Energy and Sustainable Solar Technology. My work is to recruit companies to come do research at our center. One of the important aspects of that is that ASU has 20MW of

installed solar which is more installed solar PV than any other university. Students have access to it, and they study what dust storms do to the panels and that information is shared with the suppliers/manufacturers. Arizona has a total of 710 MW, so ASU has about 3% of the state's solar assets. ASU's solar is more than the city of San Francisco. The NSF is the largest funding agency for universities, and this is their largest project: it is for 10 years, \$37 million, and is made up of a consortium of eight universities with ASU as the lead university and U of A is one of the eight. Each university has a specific area of expertise: for example MIT's expertise is with product defects. If you know of companies that would benefit from participating please send them our way. Companies can rent a solar powered facility at the ASU Research Park. Soitec, the largest CPV company, is working with us, to do research and they have installed on the ASU campus. Quarterly workshops are held on how to write grant proposals. Two students that have started their own companies are out already hiring people. The concept follows the Small Business Innovation Research (SBIR) model where \$25,000 is the starting fee. If they can't afford it we train them on SBIR so they can get funding to join. There are 47 faculty and 90 students with access to lab resources. Workforce development is a very appealing aspect.

Amanda Ormond: What do you hope to achieve over the 10 years?

John Mitchell: The center is supposed to be self-sustained by the end of 10 years, through private funding, and royalties from patents, and we are measured by jobs created and papers written in industry.

#### 4. Old Business

Leisa Brug: We have three members not on a subcommittee, so we'd like for you to join in the efforts.

- Utility-scale Permitting Subcommittee – David Rosenberg, Chair

##### a. Update

Kate Maracas: We've met twice by conference call, and carved out some ideas to take on. First, left over topics from the 2011 Recommendations report - permitting best practices across the state and an R<sup>3</sup> group. Part of that recommendation included an effort to reduce redundancy with CEC & NEPA reporting. The R<sup>3</sup> fell away because of the Workforce/Job Training Task Force. I've worked with the Department of Interior previously to look at this and they were receptive. We need to get buy-in from the Arizona Corporation Commissioners and the Line Siting Committee. It may be too much to develop outreach by year end. Second, sort of a gold rush - 2009 passed Renewable Energy Incentive District bill. We have seen efforts with the town of Gila Bend, but, not much else besides Gila Bend and Pima County. Is it worthwhile to be developing best practices? Any thoughts about if these are worthy ideas and doable?

Michael Neary: Best practices development is good idea. Working with Gila Bend would be great because they have streamlined it so much. The problem may be getting them to adopt. Having best practices in place may encourage jurisdictions to adopt.

Kate Maracas: Yes.

Leisa Brug: Certainly this group has been working on addressing this issue with the first report on residential permitting, and then last year on commercial permitting. We have found that with the Arizona Rooftop Challenge that when the plan is in place they tend to adopt it much faster. The implementation portion is much more work than we could probably get done by the end of the year, but the plan could definitely be done.

Susan Kolbe: We may like to join in that effort. Figuring out who is doing better, and we may be able to bring that part of the puzzle. Kate I will put you in touch with Craig.

Joe McGuirk: Data warehouse – did that ever come to fruition, is it still a plan?

Kate Maracas: I think it is more of the implementation process. Sharing information that has been created for State processes could be used for NEPA instead of doing it again.

Craig Robb: Is this on a scale of 1-10, the best practices used by Gila Bend?

Kate Maracas: What's in it for them? Economic development, and it helps relieve staff from some of the paperwork burden. Is it a game changer? From a developer standpoint, yes – cutting a year off the process is very beneficial to the developer and the project.

Craig Robb: I think then it is very worthwhile, and the conversation should begin with, “This will cut a year off the process,” because they will try.

Susan Kolbe: Please provide me feedback by email.

Kate Maracas: Yes. We will put together a short concept paper.

b. Arizona Rooftop Solar Challenge (SunShot) Update – Jim Westberg

We are in the final month of the First Phase of the Arizona Rooftop Challenge. We worked with the City of Phoenix, the City of Tucson, and SmartPower. There were four webinars covering different aspects of permitting, financing, and streamlining processes. At one meeting we talked about Solar Phoenix and how the smaller communities couldn't do that on their own because of base finance requirements, so maybe some communities could participate together to get it going. To finalize the project, we are working with ASU on putting together a brochure with best practices in our action areas of permitting, finance, zoning. We can put it on our website when it is done and they can download it. We can also email it and take to communities in in hard copy form. To come up with some of the best practices, ASU did a survey with 40 communities, and Tucson did an in depth study with nine communities and found that one simple thing they could do was to put a link on their homepage or building permit page that would take interested parties to the Solar Permit form. Another method to improve the process was to accept credit cards via the permitting website and/or use PayPal so the communities don't have to wait for a check to be issued or for it to clear. Another recommendation was to review if paperwork can be submitted online? This reduces transportation for the applicant and deliveries of paperwork. A software solution is inexpensive and we are trying to help them use it. ASU helped put together solar access language so that it can be put into their general plans. It is written in Ordinance and General Plan format so that a city can adopt it more easily. I'd like to thank the Task Force members for their Letters of Commitment for Phase 2 of the grant that we are still waiting to hear back on. One solution that we are proud of is that Coconino County put all of their permits on the 'cloud'.

Leisa Brug: I think you will all be impressed with the brochure that comes out. We have many communities adopting these best practices and this is a good example of what can be done in a home rule state.

Joe McGuirk: Thirty years ago industry got a black eye because of quality and regulation, and it is bigger than the permitting portion.

Lane Garrett: Similar activities took place in the 1980's where companies were including big televisions with solar water heaters and then were taking tax credits against the television expenses. We've found many poor examples of the solar water heaters and this group would be willing to do the work in the PV sector. Now it needs a funding source to pay people to go do the work. I think that should be a requirement for these systems to be inspected.

Leisa Brug: We've talked about coming up with criteria and a format for how to deal with agencies. We try not to meddle in other agencies' business.

- Financing Subcommittee – Franc Del Fosse, Chair

a. Update

Franc Del Fosse: I sent an email with information to focus on for this year. There are three things pending at the Department of Revenue (DOR).

Leisa Brug: DOR is going through the public meeting process and we think a lot of this will be worked out through the public process. Michael Hunter has been briefed and we feel confident that some clarification will clear things up. We encourage your participation in those meetings. There are lots of technical changes since it was originally written; the lease language did not exist when it was written.

Michael Neary: This is a property tax issue and there is a group from the industry that will be giving a presentation to the DOR to help them understand how distributed generation works and the differences in the lease vs. purchase financing mechanisms.

Franc Del Fosse: Three papers have been issued by DOR - property tax whether renewable energy equipment is owned by the installer and on the home owners' place, is this still considered a tax break?

Leisa Brug: Your committee can write a recommendation.

Court Rich: I would be in favor of clarifying, because it is not how DOR is interpreting.

Glenn Hamer: I'm not sure about voting by email. It is preferred to be done in person.

Franc Del Fosse: There will be a meeting coming up at DOR.

Michael Neary: It may be delayed.

Franc Del Fosse: We can have a subcommittee meeting about it and draft recommendation for the whole Task Force to review.

David Hutchens: Is this something the Governor already has an opinion on?

Leisa Brug: We have asked DOR to have this workshop-type process. However, we can make a recommendation.

Glenn Hamer: I'm not comfortable with where DOR is at this point in the process.

Leisa Brug: We can write a letter to the Governor explaining that we see the issues this way. Please send the draft to Glenn and I to be better educated and that we can consider sending it out to the rest of the members.

Franc Del Fosse: I think the timing may not work but we can try.

The other two issues are tax for Residential and Commercial Distributed Generation – if it is third-party owned is it eligible for the State Tax Credit.

Leisa Brug: These are ongoing issues and it is going through the Arizona Commerce Authority (ACA), and it is also going through the same process.

Glenn Hamer: On a number of occasions, based on DOR decision, we have then gone to the Legislature. In the past of waiting until things play out, then addressing it after seemed to work.

Michael Neary: When the sales tax exemption was originally passed it mistakenly only covered retail solar and not contractors. No one realized it for a couple of years and finally DOR came up with a ruling and they began to go after contractors for back taxes. It turned out that it was a legislative oversight. DOR then put a hold on the action and gave our groups time to go work with the legislators to get it corrected.

Leisa Brug: It is being handled administratively and we are working with the ACA.

Susan Kolbe: Are they reviewing it based on the revenue stream? Maybe this group can weigh-in as far as if it is not advantageous for DOR, but is it advantageous for other reasons.

Glenn Hamer: I believe they are looking at it specifically from an interpretation standpoint, not from a revenue stream standpoint.

Franc Del Fosse: Maybe we can look at "if you want to facilitate solar, this is what other states have done." I will work on a memo to you two and then we can discuss.

- Solar Economic Forecast Subcommittee – Court Rich, Chair

- a. Update

Glenn Hamer: Our subcommittee did have some discussions and will have more at the next meeting. Some of it has been discussed in part of this meeting already, as far as economics goes.

- Utility-Scale Demand Study Subcommittee – Vacant, Chair

- a. Update

Leisa Brug: We've discussed a bit internally and don't think we really have time to work on this. We are proposing that we drop this one. In some respects this is similar to what Kate's group is working.

Kate Maracas: I think it is different but I think if we want to see renewable energy grow how do we go about this? An initiative regarding flexible capacity? Perhaps we can create a proposal to allow cost to purchase/make payments. Ben and I have discussed this and if we really want to see solar done in an outside-the-box way, this really gives back. I think it is a really important one, but very hard to tackle.

Dave Hutchens: What do you see the end result being? Is it different than what we put into our Integrated Resource Plan? Is it simply aggregation of that information? Because I'm not sure that is worth the effort.

Kate Maracas: We have seen so much good created by the solar. I think that the utilities will not want to do this unless it's a mandate.

Dave Hutchens: It seems that there's the mandate (hand up high) and the uneconomic resource (hand down low) and there is nothing in between. How much solar is economic? Currently we are all above that REST line, above the standard.

Leisa Brug: I had a meeting this morning but they are not really interested.

Amanda Ormond: I want to refresh people's minds how this conversation started: there is not any foreseeable demand for utility scale solar but there is for distributed generation. Is there room to look at it? Leisa, your Master Energy Plan may do some of this, but we want to be the solar state but that is hard if there is no demand. Part of the look is what is the Arizona demand, and where can we send our products. Kate's discussion addresses that.

Leisa Brug: Our office is doing a Dollar Flow Analysis, which is very eye opening. The MEP will lay some of that out, not make recommendations, but put the info out there.

Ron Monat(?): I've had discussions with my clients on utility scale solar, and those who are interested in coal-fired power plants. Nevada had a decommissioned coal plant. PUC has issued requirement for 300MW of renewable energy, so I'm surprised not to hear that come up.

Kate Maracas: In California there has been retirement of some coal plants.

Susan Kolbe: Will this committee be taking interest on the utility demand subcommittee or will the MEP cover this?

Leisa Brug: Everything MEP is on our website. [www.azenergy.gov](http://www.azenergy.gov)

Jamie Kern: Is there any further discussion on solar during the day, and geothermal at night?

Leisa Brug: We have a lot of resources they need and when they need them, they will come. Currently we have very little going back and forth with California.

Charles Duckworth: We have another 50 under contract.

Matt Brinkman: Is the Governor aware that there is no utility demand as we've laid out here?

Leisa Brug: Yes she's aware. We have these three really cool projects I just don't want to bite off more than we can chew.

Kate Maracas: I think maybe it is really hard to define. Maybe it's just something we need to keep in our group's dialogue. So that maybe in 2014 we could take it on then.

Leisa Brug: The SunZia could affect who's buying energy, as well as the housing market recovery. Perhaps a group could be put together to advise the MEP group to discuss these things.

Glenn Hamer: Let's keep this as a line item for future agendas, but I think that maybe it could be readdressed at a future meeting.

5. New Business

None discussed.

6. Comments/Announcements

- Discussion of upcoming solar efforts & events

June 13/14: Arizona-Mexico Commission – Energy Subcommittee Meeting, the Bi-National Transmission Assessment will be presented which was a partnership piece. WGA 10 Year Vision in Utah will be adopted there as well. Email Leisa if you are interested in attending just the Energy Subcommittee session to get registration information.

June 26/27: CSP Today in Las Vegas

June, last weekend: WJ

July: Intersolar San Francisco

MEP is currently going on. Please participate and you can see the meeting information on the OEP Facebook page [www.Facebook.com/azenergy](http://www.Facebook.com/azenergy) and website [www.azenergy.gov](http://www.azenergy.gov). The four subcommittees meet in different places and the groups at those locations run them; we staff them.

7. Public Comments

None made.

8. Adjournment

The meeting was adjourned at 4:00pm.

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